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Commonwealth of Kentucky
Public Service Commission

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David L. Armstrong
Chairman

James Gardner
Vice-Chairman

John W. Clay
Commissioner

June 17, 2008

RE: Case No. 2008-00220

We enclose one attested copy of the Commission's Order in the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Stumbo".

Stephanie Stumbo
Executive Director

SS/tw
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

TARIFF FILING OF CANNONSBURG WATER)
DISTRICT TO ALLOW DISCOUNTED WATER) CASE NO. 2008-00220
RATES FOR THE COMMISSIONERS AND)
EMPLOYEES OF THE DISTRICT)

ORDER

Cannonsburg Water District ("Cannonsburg") has proposed revisions to its rate schedules to permit discounted water service to its employees and members of its Board of Commissioners.¹ The Commission has previously rejected similar proposals for such service as unreasonable since water districts "have no shareholders to which the foregone revenue can be charged."² Unlike an investor-owned utility whose shareholders assume the cost of any free or reduced rate service, we have reasoned, a water district's ratepayers bear the cost of such service. In light of these decisions, the Commission finds that additional proceedings are necessary to determine the reasonableness and lawfulness of the proposed revision.

¹ On May 23, 2008, Cannonsburg Water District submitted revised tariff sheets that contained its proposed reduced rate. It proposes to place these revisions into effect on June 22, 2008.

² East Logan Water District, Case No. 1992-00094, (Ky. PSC Mar. 16, 1992); South 641 Water District, Case No. 1993-00358 (Ky. PSC Jan. 3, 1994) at 2; Cumberland Falls Highway Water District, Case No. 1994-00054 (Ky. PSC Apr. 7, 1994). See also Bronston Water Association, Case No. 2005-00060 (Ky. PSC Oct. 12, 2005); West Shelby Water District, Case No. 2007-00211 (Ky. PSC Aug. 29, 2007).

IT IS THEREFORE ORDERED that:

1. This proceeding is established to investigate the reasonableness of the proposed rate schedule revisions.

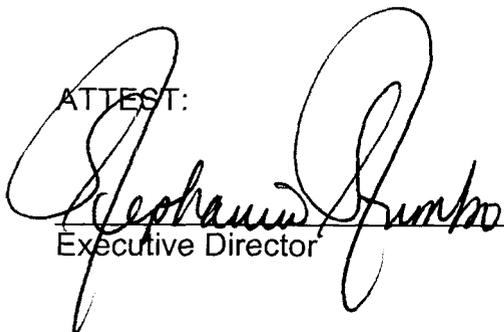
2. Cannonsburg's proposed reduced rate for water district commissioners and employees is suspended five months from June 22, 2008 up to and including November 21, 2008.

3. Within 20 days of the date of this Order, Cannonsburg shall show cause in writing to the Commission why the proposed rate schedule is reasonable and should not be denied for the reasons set forth above.

Done at Frankfort, Kentucky, this 17th day of June, 2008.

By the Commission

ATTEST:


Executive Director

Case No. 2008-00220